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## Memorandum

TO: Planning Committee

DATE: October 3, 2008

FR: Deputy Executive Director, Policy

W. I.

RE: Goods Movement/Land Use Study Update

The 2004 *Regional Goods Movement Study* found that goods movement industries and industrial businesses that rely on our transportation systems play an important role in the region's economy. However, while development and regional growth trends indicate increased demand for goods movement services, research indicates that affordable, close-in location options for goods movement businesses are declining. This follow-on Goods Movement/Land Use Study, which began about a year ago, provides additional analysis of the land use trends and their implications.

### Work to Date

The study focuses on two major corridors: 1) I-880 from Richmond to Fremont, and 2) US 101 from the San Francisco/San Mateo County line to SFO. The first phase of this study identified and mapped key goods movement businesses in the study corridors and identified those currently "at risk" from land use policies (*See Attachment A*). The second phase of the study analyzes the current and future supply and demand of goods movement businesses and assesses how their displacement due to local land use policies impacts our transportation network.

### Goods Movement Businesses

The goods movement industries for the purposes of this study are: 1) industries to which goods movement is of high- or mid-level importance to their operations and to their location decisions; and 2) industries that are industrial land uses with demand for industrial land and building space. (*See Attachment B, Table 1 for a summary of the industries included.*)

Industrial land supply for goods movement businesses has been concentrated along the major transportation corridors that ring the central parts of San Francisco Bay. These locations offer proximity to the business and population centers in the region and access to the major airports and seaports. Goods movement businesses along the study corridors facilitate and support business activity and household consumption throughout the region. Overall, there was approximately 5,400 goods movement establishments located along the study corridors, supporting 177,200 jobs in 2006.

### Key Findings

- **Central Area Industrial Land Supply Is Declining and Under Increasing Market Pressures.** Goods movement industries and their demand for central locations are growing. However, trends show declines in industrial land in the central areas and increasing pressures on the remaining

industrial land supply. Assuming the continuation of existing land use policies, the demand for central area land for goods movement businesses will greatly exceed the industrial land supply in the future. The most likely future land use scenario under existing trends would accommodate just over half (57 percent) of the goods movement industry demand forecast for industrial land, resulting in less industrial activity than in 2006.

Included in the analysis was an assessment of the region's Priority Development Areas (PDAs). There was relatively little direct overlap of PDAs to the key industrial corridors. However, in Oakland and Richmond were some minor exceptions (*See Attachment A*). Although few PDAs directly overlap with key industrial corridors, some are located in close proximity or adjacent to these corridors, which may put added pressure on businesses to relocate.

- ***Shortages of Industrial Land Result in the Outward Dispersion of Industrial Activities***

Over time, large numbers of industrial goods movement businesses and jobs serving the central areas will have to locate outside the central corridors because of the shortages of industrial land under current land use trends and policies. The large majority, about 65 percent, are anticipated to locate in the inland San Joaquin Valley. Due to the region's geography and freeway system, the demand shifting outward will be heavily focused on industrial locations with access back to the central Bay Area markets they serve via I-580.

### **Impacts**

The Study compared two scenarios in 2035: 1) assumed existing industrial land supply would be available and 2) assumed reduced land supply based on existing trends and local zoning policies. *Attachment B* compares these two scenarios and documents the transportation, environmental and economic consequences that the outward dispersion of industrial goods movement businesses, while the demand they serve in the central Bay Area grows, will have. Those impacts include:

- Displacement of about 87,000 good-paying blue/green collar goods movement-related jobs
- Increased travel distances and approximately 300,000 more truck miles traveled on regional routes;
- 8,400 truck trips per day shifted, often to longer routes, including over 6,100 in I-580, adding to congestion, safety concerns, and roadway wear and tear;
- More truck emissions that degrade air quality, including a roughly 2 percent increase in PM 10 and PM 2.5 emissions;
- Higher transportation costs to businesses, resulting in higher costs of goods estimated at \$1.2 million/day (2008 \$)

### **Next Steps**

At the study wraps up, staff and its consultants will be developing specific strategies that could be pursued to address goods movement business displacement. These strategies might include:

- Working through FOCUS to ensure that PDAs do not impact economic development potential of adjacent goods movement businesses.
- Enlisting the help of the local jurisdictions to share information with Alameda County Congestion Management Agency who are most impacted by land use decisions.

- Explore further best practices in off-site mitigation and better business practices (e.g. delivery hours) to make goods movement businesses a better “neighbor”.

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